

NZ Funds KiwiSaver Scheme

Annual Report for the year ended 31 March 2016



Prepared by New Zealand Funds Management Limited

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Annual Review

SEPTEMBER 2016

Dear Members

We are pleased to present the NZ Funds KiwiSaver Scheme Annual Report for 2016.

Scheme update

The NZ Funds KiwiSaver Scheme continues to grow. Today, the Scheme has approximately 7,100 members, up around 15% on this time last year. Of those who joined our Scheme over the past year, approximately 36% were new to KiwiSaver and 64% were existing members who actively chose to transfer to the NZ Funds KiwiSaver Scheme.

Over the same period, less than 2% of total members chose to transfer out of our Scheme, despite a challenging period of performance.

After several years of strong investment returns, the 12 months to 31 March 2016 produced mixed results. While the Income Strategy continued to produce returns in line with or in excess of bank deposits, both the Inflation and Growth strategies were impacted by an unsettled period in global share markets and the underperformance of certain of our external specialist investment managers.

These types of return setbacks are part and parcel of investing for long-term growth and can be expected to occur reasonably frequently. However the beauty of KiwiSaver, or any regular investment programme for that matter, is that these temporary periods of lower values actually enable those contributing regularly to acquire more units at a lower price, effectively building their longer term wealth at an accelerated rate.

Strategy	2016	2015
Growth	-9.99%	25.14%
Inflation Strategy	-2.85%	13.19%
Income	3.66%	4.36%

1 April to 31 March for each period

We are proud that the NZ Funds KiwiSaver Scheme currently has the highest ranking of all KiwiSaver schemes for member services on the Sorted KiwiSaver Fund Finder website. And we have several new and exciting online services currently under development which we expect to roll out to members over the coming months.

For more information

- :: Your adviser. We recommend that you talk to your Authorised Financial Adviser about KiwiSaver and your overall savings plan. If you do not have an adviser, email us at support@nzfunds.co.nz and we will provide you with some options.
- :: www.nzfunds.co.nz. The KiwiSaver section of the website provides monthly information on performance, details what you own in each of the three Strategies and you can access information on your holdings and transaction details on your KiwiSaver account.
- :: myWealth. myWealth is an interactive software tool which is free to members of the NZ Funds KiwiSaver Scheme. Using myWealth you can calculate the income you can achieve in retirement, see how much KiwiSaver is likely to contribute and see your current KiwiSaver balance. If you would like access to myWealth, please contact your Authorised Financial Adviser or email kiwisaver@nzfunds.co.nz.

If you need any information or assistance with your NZ Funds KiwiSaver Scheme, please contact our Client Services team at kiwisaver@nzfunds.co.nz or call us on 0508 733 337.

We thank you for entrusting NZ Funds to manage your hard earned savings.

Yours sincerely



Richard James
Chief Executive

A copy of the NZ Funds KiwiSaver Scheme Investment Statement is available free of charge either from NZ Funds or NZ Funds' Authorised Financial Advisers.

Annual Report

FOR THE YEAR ENDED 31 MARCH 2016

Description of the Scheme

NAME OF THE SCHEME

NZ Funds KiwiSaver Scheme

THE STRATEGIES THAT COMPRISE THE SCHEME

:: the Income Strategy

:: the Inflation Strategy

:: the Growth Strategy

MANAGER

New Zealand Funds Management Limited (NZ Funds)

INVESTMENT MANAGER

NZ Funds, as the Manager, is responsible for implementing the Scheme's investment strategies. The Scheme does not have a separate investment manager.

TRUSTEE

The New Zealand Guardian Trust Company Limited

PROMOTER

The Scheme does not have a promoter.

ADMINISTRATION MANAGER

Aon New Zealand

AUDITOR

Ernst & Young

SOLICITOR

Kensington Swan

PROSPECTUS

The most recent prospectus for the Scheme was registered on 28 July 2016.

Key Information

INVESTMENT PERFORMANCE

The performance of the Strategies for the financial year ended 31 March 2016 was:

STRATEGY	RETURNS	
	1 April 2015 to 31 March 2016	Since inception to 31 March 2016*
Income Strategy	3.66%	25.68%
Inflation Strategy	-2.85%	32.19%
Growth Strategy	-9.99%	47.42%

* This is the total return for that period, i.e. not annualised. The Scheme's inception date was 1 November 2010.

The returns outlined in the above table include any applicable tax credits which are added back to the calculation of returns.

Returns are calculated as the percentage change in the Adjusted Unit price, being the Strategies' unit price after adding any applicable tax credits, over the period, and are calculated after fees but before any PIE tax attributable to members, exit fees and advisers' fees. That is, the percentage return is:

$$\% = 100 \times \frac{\text{Adjusted Unit price}_{\text{Period End}} - \text{Adjusted Unit price}_{\text{Period Start}}}{\text{Adjusted Unit price}_{\text{Period Start}}}$$

Past performance is not necessarily indicative of future performance.

Key Information

(CONTINUED FROM PAGE 4)

FEES CHARGED

	DIRECT FEES \$000	INDIRECT FEES \$000	INDIRECT REBATES ¹ \$000
FEES INCURRED BY THE SCHEME			
Fees paid to/(rebated by) NZ Funds or one of its associates			
Management Fees	1,433	278	(278)
Investment Management Fees	-	145	(667)
Trustee Fees	-	88	(48)
Administration Fees	-	46	(46)
Reimbursable Expenses	59	71	(29)
Rebates of Other Fees and Expenses	-	-	(75)
Fees paid to other parties			
Investment Management and Performance Fees	-	1,376	-
Trustee Fees	46	-	-
Other Fees and Expenses	26	86	-
TOTAL FEES INCURRED BY THE SCHEME	1,564	2,090	(1,143)
FEES DEDUCTED FROM MEMBERS' ACCOUNTS			
Fees paid to the Administration Manager			
Administration Fees	228	-	-
Qualifying Recognised Overseas Pension Scheme Fees	-	-	-
Transfer Fees	5	-	-
TOTAL FEES DEDUCTED FROM MEMBERS' ACCOUNTS	233	-	-

¹ Fees (together with certain costs and expenses that might be charged) paid indirectly will be rebated back to the extent necessary to ensure that the target underlying fund fees and expenses amount is not exceeded.

MEMBERSHIP CHANGES

	TOTAL NUMBER OF MEMBERS
Number of contributing members as at 01/04/15	4,099
Total member entries for the year ended 31/03/16	1,829
Total temporary and permanent exits for the year ended 31/03/16	994
Number of members on Contribution Holidays as at 31/03/16	103
Number of members not contributing for other reasons as at 31/03/16	1,820

Key Information

(CONTINUED FROM PAGE 5)

CONTRIBUTIONS RECEIVED

TYPES OF CONTRIBUTIONS	NUMBER OF MEMBERS	€000
Member Contributions for the year ended 31/03/16	6,179	12,342
Employer Contributions for the year ended 31/03/16	4,112	5,627
Government Contributions for the year ended 31/03/16	5,105	2,385
Transfers in from other schemes for the year ended 31/03/16	1,376	17,996

WITHDRAWALS

TYPES OF WITHDRAWALS	NUMBER OF MEMBERS	€000
Number of members who made a withdrawal for the year ended 31/03/16	390	4,846
Specifically, the amounts for the following types of withdrawals:		
First Home Purchase	35	711
Permanent Emigration	3	38
Serious Illness	4	72
Significant Financial Hardship	18	206

The balance of the withdrawals arose from: member transfers to other schemes, deaths, invalid enrolment withdrawals, and end of payment date (member qualification for New Zealand Superannuation).

MEMBER ACCUMULATIONS

	NUMBER OF MEMBERS	€000
Members with accumulations and total accumulations as at 31/03/16	6,857	130,348

TRANSFERS FROM AUSTRALIAN COMPLYING SUPERANNUATION SCHEMES

For the year ended 31 March 2016, 41 members transferred \$1,383,217 from Australian complying superannuation funds to the Scheme.

Changes relating to the Scheme

TRUST DEED

The Trust Deed is the legal document governing the Scheme and protecting the rights and benefits of Members. There were no changes in the Trust Deed during the year ended 31 March 2016.

THE TERMS OF THE OFFER OF INTERESTS IN THE SCHEME

For the year ended 31 March 2016, the following changes occurred:

1. With effect from 1 April 2015:
 - (a) The KiwiSaver scheme rules were amended to make several changes to the first home purchase withdrawal, including allowing Members to withdraw member tax credits, extending the property types to add interest in a dwelling house on Maori land, and confirming the property purchased must be in New Zealand.
 - (b) The KiwiSaver first home deposit subsidy was renamed the KiwiSaver Homestart Grant and a second grant was introduced for the building of homes or the purchase of land to build a home on. The regional house price caps were also increased.
2. The Government removed the \$1,000 kick-start contribution with effect from 2 pm on 21 May 2015.
3. Following a United Kingdom legislative change which took effect on 6 April 2015, the Scheme ceased to be registered as a Qualifying Recognised Overseas Pension Scheme (QROPS) and stopped accepting United Kingdom pension transfers.

INVESTMENT OBJECTIVES AND POLICY

For the year ended 31 March 2016, there were no significant changes to the investment objectives and policy of each Strategy.

DIRECTORS OF NZ FUNDS

On 21 March 2016, Gerald Noel Siddall and Russell William Tills were appointed directors of NZ Funds.

CHANGES TO TRUSTEE AND THEIR DIRECTORS

For the period from 1 April 2015 to 27 November 2015, Corporate Trust Limited was Trustee of the NZ Funds KiwiSaver Scheme. On 3 August 2015, Corporate Trust Limited was purchased by Complectus Limited and the following changes occurred on that date:

- Matthew John Lancaster (resigned)
- Samuel Richard Maling (resigned)
- Kimbal Stephen Von Lanthen (resigned)
- Andrew Howard Barnes (appointed)
- James Earl Douglas (appointed)

On 27 November 2015, Corporate Trust Limited retired as trustee of the Scheme and The New Zealand Guardian Trust Company Limited was appointed Trustee of the Scheme.

From 27 November 2015 and until 31 March 2016, the directors of The New Zealand Guardian Trust Company Limited were: Andrew Howard Barnes, James Earl Douglas, Robin Albert Flannagan and Timothy James Show. Subsequently, on 4 April 2016 Andrew Howard Barnes resigned.

Summary Financial Statements

FOR THE YEAR ENDED 31 MARCH

INCOME STRATEGY

	2016 AUDITED \$000	2015 AUDITED \$000	2014 AUDITED \$000	2013 AUDITED \$000	2012 AUDITED \$000
MEMBERSHIP ACTIVITIES					
Employer Contributions	530	421	302	165	46
Government Contributions	233	232	199	144	66
Member Contributions	1,289	1,025	684	438	240
Switches In from Other Strategies	1,617	989	519	1,300	51
Transfers In from Other Schemes	2,009	1,610	1,182	1,418	1,049
Total Contributions Received	5,678	4,277	2,886	3,465	1,452
<i>Deduct: Benefits Paid</i>					
Administration Fees	(23)	(19)	(18)	(12)	(4)
Invalid Enrolment	-	-	-	-	-
Permitted Withdrawals	(1,082)	(396)	(299)	(276)	(1)
PIE Tax Expense	15	(85)	(27)	(23)	(5)
Switches Out to Other Strategies	(269)	(282)	(120)	(175)	(20)
Transfer Fees	(1)	(1)	(1)	-	-
Transfers Out to Other Schemes	(230)	(163)	(106)	(96)	(18)
Net Membership Activities	4,088	3,331	2,315	2,883	1,404
INVESTMENT ACTIVITIES					
Investment Revenues	-	-	-	-	-
Net Trading Gains/(Losses)	650	471	197	217	44
Other Revenues	-	-	-	-	-
Net Investment Gains/(Losses)	650	471	197	217	44
<i>Expenses</i>					
Audit Fees	1	2	3	2	2
Management Fees, Trustee Fees and Reimbursable Expenses	133	91	49	28	8
Manager's Expense Contributions	-	(3)	(5)	(6)	(9)
Other Professional Fees	2	4	3	3	5
Other Expenses	-	-	-	-	-
Total Expenses	136	94	50	27	6
Operating Result or Increase In Net Assets Before Taxation	4,602	3,708	2,462	3,073	1,442
Taxation Expense	-	-	-	-	-
Increase In Net Assets	4,602	3,708	2,462	3,073	1,442
TOTAL MEMBERS' ACCUMULATION AT THE BEGINNING OF THE PERIOD	10,784	7,076	4,614	1,541	99
TOTAL MEMBERS' ACCUMULATION AT THE END OF THE PERIOD	15,386	10,784	7,076	4,614	1,541
<i>Represented By:</i>					
Total Assets/Tangible Assets	15,433	10,847	7,100	4,652	1,549
Total Liabilities	47	63	24	38	8
NET ASSETS AVAILABLE FOR BENEFITS/LIABILITY FOR PROMISED RETIREMENT BENEFITS	15,386	10,784	7,076	4,614	1,541

Summary Financial Statements

FOR THE YEAR ENDED 31 MARCH (CONTINUED)

INFLATION STRATEGY

	2016 AUDITED \$000	2015 AUDITED \$000	2014 AUDITED \$000	2013 AUDITED \$000	2012 AUDITED \$000
MEMBERSHIP ACTIVITIES					
Employer Contributions	1,835	1,438	975	482	107
Government Contributions	810	788	623	412	99
Member Contributions	4,542	3,520	2,386	1,505	394
Switches In from Other Strategies	3,767	1,656	1,520	4,008	47
Transfers In from Other Schemes	5,707	6,028	4,575	4,079	1,893
Total Contributions Received	16,661	13,430	10,079	10,486	2,540
<i>Deduct: Benefits Paid</i>					
Administration Fees	(70)	(58)	(52)	(36)	(7)
Invalid Enrolment	-	-	-	(1)	-
Permitted Withdrawals	(928)	(557)	(483)	(411)	-
PIE Tax Expense	246	(290)	(84)	(64)	(7)
Switches Out to Other Strategies	(891)	(1,104)	(386)	(576)	(46)
Transfer Fees	(1)	(1)	(1)	(1)	-
Transfers Out to Other Schemes	(551)	(658)	(271)	(253)	(9)
Net Membership Activities	14,466	10,762	8,802	9,144	2,471
INVESTMENT ACTIVITIES					
Investment Revenues	-	1	-	-	-
Net Trading Gains/Losses	(672)	3,784	955	1,174	57
Other Revenues	-	-	-	-	-
Net Investment Gains/Losses	(672)	3,785	955	1,174	57
<i>Expenses</i>					
Audit Fees	3	7	8	7	3
Management Fees, Trustee Fees and Reimbursable Expenses	527	366	183	100	16
Manager's Expense Contributions	-	(11)	(14)	(19)	(15)
Other Professional Fees	6	13	9	9	8
Other Expenses	-	-	-	-	-
Total Expenses	536	375	186	97	12
Operating Result or Increase In Net Assets Before Taxation	13,528	14,172	9,571	10,221	2,516
Taxation Expense	-	-	-	-	-
Increase In Net Assets	13,528	14,172	9,571	10,221	2,516
TOTAL MEMBERS' ACCUMULATION AT THE BEGINNING OF THE PERIOD	36,675	22,503	12,932	2,711	195
TOTAL MEMBERS' ACCUMULATION AT THE END OF THE PERIOD	49,933	36,675	22,503	12,932	2,711
<i>Represented By:</i>					
Total Assets/Tangible Assets	50,003	36,907	22,583	13,020	2,723
Total Liabilities	70	232	80	88	12
NET ASSETS AVAILABLE FOR BENEFITS/LIABILITY FOR PROMISED RETIREMENT BENEFITS	49,933	36,675	22,503	12,932	2,711

Summary Financial Statements

FOR THE YEAR ENDED 31 MARCH (CONTINUED)

GROWTH STRATEGY

	2016 AUDITED \$000	2015 AUDITED \$000	2014 AUDITED \$000	2013 AUDITED \$000	2012 AUDITED \$000
MEMBERSHIP ACTIVITIES					
Employer Contributions	3,276	2,538	1,734	840	707
Government Contributions	1,342	1,345	1,036	559	583
Member Contributions	6,532	5,012	3,462	2,137	1,491
Switches In from Other Strategies	410	495	322	250	27
Transfers In from Other Schemes	10,279	10,454	6,310	4,845	8,253
Total Contributions Received	21,839	19,844	12,864	8,631	11,061
<i>Deduct: Benefits Paid</i>					
Administration Fees	(135)	(110)	(91)	(59)	(40)
Invalid Enrolment	(1)	-	-	-	-
Permitted Withdrawals	(901)	(365)	(402)	(248)	(41)
PIE Tax Expense	(122)	(753)	(181)	(71)	(29)
Switches Out to Other Strategies	(4,634)	(1,754)	(1,855)	(4,807)	(59)
Transfer Fees	(3)	(4)	(2)	(2)	(1)
Transfers Out to Other Schemes	(1,152)	(878)	(340)	(282)	(85)
Net Membership Activities	14,891	15,980	9,993	3,162	10,806
INVESTMENT ACTIVITIES					
Investment Revenues	1	1	1	1	-
Net Trading Gains/(Losses)	(6,324)	11,012	3,702	2,121	594
Other Revenues	-	-	-	-	-
Net Investment Gains/(Losses)	(6,323)	11,013	3,703	2,122	594
<i>Expenses</i>					
Audit Fees	5	10	11	9	17
Management Fees, Trustee Fees and Reimbursable Expenses	878	587	296	156	83
Manager's Expense Contributions	-	(15)	(20)	(25)	(77)
Other Professional Fees	9	18	12	11	43
Other Expenses	-	-	-	-	-
Total Expenses	892	600	299	151	66
Operating Result or Increase In Net Assets Before Taxation	7,676	26,393	13,397	5,133	11,334
Taxation Expense	-	-	-	-	-
Increase In Net Assets	7,676	26,393	13,397	5,133	11,334
TOTAL MEMBERS' ACCUMULATION AT THE BEGINNING OF THE PERIOD	57,353	30,960	17,563	12,430	1,096
TOTAL MEMBERS' ACCUMULATION AT THE END OF THE PERIOD	65,029	57,353	30,960	17,563	12,430
<i>Represented By:</i>					
Total Assets/Tangible Assets	65,160	57,844	31,057	17,677	12,491
Total Liabilities	131	491	97	114	61
NET ASSETS AVAILABLE FOR BENEFITS/LIABILITY FOR PROMISED RETIREMENT BENEFITS	65,029	57,353	30,960	17,563	12,430

Summary Financial Statements

FOR THE YEAR ENDED 31 MARCH (CONTINUED)

TOTAL OF THE SCHEME

	2016 AUDITED \$000	2015 AUDITED \$000	2014 AUDITED \$000	2013 AUDITED \$000	2012 AUDITED \$000
MEMBERSHIP ACTIVITIES					
Employer Contributions	5,641	4,397	3,011	1,487	860
Government Contributions	2,385	2,365	1,858	1,115	748
Member Contributions	12,363	9,557	6,532	4,080	2,125
Switches In from Other Strategies	5,794	3,140	2,361	5,558	125
Transfers In from Other Schemes	17,995	18,092	12,067	10,342	11,195
Total Contributions Received	44,178	37,551	25,829	22,582	15,053
<i>Deduct: Benefits Paid</i>					
Administration Fees	(228)	(187)	(161)	(107)	(51)
Invalid Enrolment	(1)	-	-	(1)	-
Permitted Withdrawals	(2,911)	(1,318)	(1,184)	(935)	(42)
PIE Tax Expense	139	(1,128)	(292)	(158)	(41)
Switches Out to Other Strategies	(5,794)	(3,140)	(2,361)	(5,558)	(125)
Transfer Fees	(5)	(6)	(4)	(3)	(1)
Transfers Out to Other Schemes	(1,933)	(1,699)	(717)	(631)	(112)
Net Membership Activities	33,445	30,073	21,110	15,189	14,681
INVESTMENT ACTIVITIES					
Investment Revenues	1	2	1	1	-
Net Trading Gains/(Losses)	(6,346)	15,267	4,854	3,512	695
Other Revenues	-	-	-	-	-
Net Investment Gains/(Losses)	(6,345)	15,269	4,855	3,513	695
<i>Expenses</i>					
Audit Fees	9	19	22	18	22
Management Fees, Trustee Fees and Reimbursable Expenses	1,538	1,044	528	284	107
Manager's Expense Contributions	-	(29)	(39)	(50)	(101)
Other Professional Fees	17	35	24	23	56
Other Expenses	-	-	-	-	-
Total Expenses	1,564	1,069	535	275	84
Operating Result or Increase In Net Assets Before Taxation	25,536	44,273	25,430	18,427	15,292
Taxation Expense	-	-	-	-	-
Increase In Net Assets	25,536	44,273	25,430	18,427	15,292
TOTAL MEMBERS' ACCUMULATION AT THE BEGINNING OF THE PERIOD	104,812	60,539	35,109	16,682	1,390
TOTAL MEMBERS' ACCUMULATION AT THE END OF THE PERIOD	130,348	104,812	60,539	35,109	16,682
<i>Represented By:</i>					
Total Assets/Tangible Assets	130,596	105,598	60,740	35,349	16,763
Total Liabilities	248	786	201	240	81
NET ASSETS AVAILABLE FOR BENEFITS/LIABILITY FOR PROMISED RETIREMENT BENEFITS	130,348	104,812	60,539	35,109	16,682

Financial Statements and Auditor's report

NOTES TO THE FINANCIAL STATEMENTS

The financial statements are for the Income Strategy, the Inflation Strategy and the Growth Strategy (the Strategies) and the NZ Funds KiwiSaver Scheme (the Scheme) and cover the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013, and 31 March 2012. They comply with, and have been registered under, the Financial Reporting Act 1993, on 15 July 2016, 10 July 2015, 11 July 2014, 15 July 2013, and 26 July 2012 respectively.

The auditor's reports on those financial statements were dated 6 July 2016, 1 July 2015, 3 July 2014, 12 July 2013, and 23 July 2012 respectively. There is no qualification, fundamental uncertainty or other similar concerns stated in the auditor's reports.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

1. AUDITED SUMMARY FINANCIAL STATEMENTS

The summary financial statements of the Strategies and the Scheme have been extracted from the audited full financial statements for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013, and 31 March 2012 in accordance with the Securities Regulation 2009, Schedule 5A, Section 7. It cannot be expected that the summary financial statements will provide as complete an understanding as that provided by the full financial statements. The summary financial statements for the year ended 31 March 2016 have been included in the current prospectus of the Scheme.

The summary financial statements of the Strategies and the Scheme are prepared in New Zealand Dollars (NZD), which is the functional and reporting currency. Where indicated, financial information presented in NZD has been rounded to the nearest thousand.

2. TAXATION

The Scheme is a Portfolio Investment Entity (PIE). Under the PIE regime detailed in the Income Tax Act 2007, income is effectively taxed in the hands of the members and therefore income tax expense is not recognised in the Scheme. The tax liability arising on income is allocated to members and is satisfied either by cancellation of their units held in the Scheme, or by the members personally. As a consequence, deferred tax is also not recognised. The Scheme settles any PIE tax receivables and payables on behalf of the members.

The taxable income, deductible expenses and tax credits are attributed to members in accordance with their proportionate interests in the Scheme, and recognised as part of Membership Activities in Change in Net Assets. Net taxation receivable or payable on behalf of the members under the PIE regime is recognised in Net Assets Available for Benefits/Liability for Promised Retirement Benefits.

3. ACCOUNTING POLICIES

There are no changes to accounting policies for the year ended 31 March 2016.

PLACES OF INSPECTION OF DOCUMENTS

The current prospectus and financial statements and other documents of, or relating to, the Scheme are filed on a public register at the Companies Office of the Ministry of Business, Innovation and Employment and are available for public inspection (including at www.business.govt.nz/companies).

As a member of the Scheme you are entitled to request, free of charge, a copy of the latest financial statements, auditor's report, an estimate of your benefits, or copies of the Scheme's current Prospectus and Investment Statement from New Zealand Funds Management Limited, Private Bag 92163, Auckland 1142, Attention: Client Services Representative - NZ Funds KiwiSaver Scheme.

Manager's and Trustee's Statements

FOR THE YEAR ENDED 31 MARCH 2016


MANAGER'S STATEMENT

To the Members of the NZ Funds KiwiSaver Scheme (the Scheme) for the Year Ended 31 March 2016

New Zealand Funds Management Limited, as Manager of the Scheme, certifies in accordance with Schedule 1A of the KiwiSaver Regulations 2006 (Regulations) that:

- :: All the benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed and the KiwiSaver scheme rules have been paid;
- :: The market value of the assets of the Scheme at the close of the financial year equalled or exceeded the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year;
- :: There is a scheme provider agreement between the Commissioner and the Manager that remained in force throughout the period covered by the Annual Report;
- :: In the Manager's opinion, the increases in fees are not unreasonable, having regard to any matters prescribed under Section 228(1)(p) of the KiwiSaver Act and any guidelines published by the Financial Market Authority under Section 127 of the KiwiSaver Act; and
- :: Contributions received in respect of each member, including contributions paid by way of the Commissioner in respect of that member, have been applied in accordance with the Trust Deed and the Act.

31 August 2016



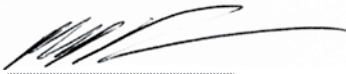
Richard James
Director



Philip Doak
Director

TRUSTEE'S STATEMENT

In respect of the financial year ended 31 March 2016, The New Zealand Guardian Trust Company Limited, as Trustee of the Scheme, is satisfied that the Manager has not breached an issuer obligation (as defined in section 4(1) of the Financial Markets Supervisors Act 2011) in a material respect.



Mark Jephson
Senior Relationship Manager
The New Zealand Guardian Trust Company Limited

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Enquiries and complaints

ENQUIRIES

If you have any enquiries regarding the Scheme, please direct them to New Zealand Funds Management Limited or Aon New Zealand as follows:

MANAGER

New Zealand Funds Management Limited
Level 16, Zurich House
21 Queen Street
Private Bag 92163
Auckland 1142
Attention: Client Services Representative - NZ Funds KiwiSaver Scheme
Telephone: (09) 377 2277 or 0508 733 337
Email: kiwisaver@nzfunds.co.nz

ADMINISTRATION MANAGER

Aon New Zealand
Level 2, AMP Centre
29 Customs Street West
PO Box 3167
Auckland 1140
Attention: Client Services Representative - NZ Funds KiwiSaver Scheme
Telephone: 0800 693 5494
Email: nzfkiwi@aon.co.nz

COMPLAINTS

In the first instance, you can contact either New Zealand Funds Management Limited, Aon New Zealand or your Authorised Financial Adviser (if applicable). Contact details for New Zealand Funds Management Limited and Aon New Zealand are set out above. You can lodge a complaint with New Zealand Funds Management Limited via its website <http://www.nzfunds.co.nz/complaints.html>

Complaints about an investment can also be made direct to the Trustee or to the Financial Services Complaints Limited Scheme (FSCL Scheme), New Zealand Funds Management Limited's and the Trustee's approved dispute resolution scheme, as follows:

TRUSTEE

The New Zealand Guardian Trust Company Limited
Level 14
191 Queen Street
PO Box 274
Shortland Street
Auckland 1140
Attention: Relationship Manager – NZ Funds KiwiSaver Scheme
Telephone: (09) 909 5100

DISPUTE RESOLUTION SCHEME

FSCL Scheme
PO Box 5967
Wellington 6145
Telephone: (04) 472 3725 or 0800 347 257

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NZFUNDS

NEW ZEALAND FUNDS MANAGEMENT LIMITED

AUCKLAND

LEVEL 16, ZURICH HOUSE
21 QUEEN STREET
PRIVATE BAG 92163, AUCKLAND 1142
NEW ZEALAND

PHONE - 09 377 2277
EMAIL - INFO@NZFUNDS.CO.NZ
WWW.NZFUNDS.CO.NZ